



## Dist. 15 prepares for \$27 million bond sale, cuts

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Palatine Township Elementary District 15 officials could call for layoffs or request the unions to reopen their contracts. Programs and staff development opportunities may be eliminated.

While none of these specific cost-cutting measures have been announced, it was evident at Wednesday's school board meeting that drastic reductions are on the horizon.

The board unanimously agreed that the district should aim to keep its fund balance at 30 percent of the operating budget. Now, reserves are projected to hemorrhage from 35.7 percent this school year to just 1.2 percent in 2014-15.

And by a 4-3 vote, the board passed a resolution stating the district's intention to issue up to \$27 million in working cash fund bonds in order to bolster cash balances and fund capital projects.

Now, it's up to the administration to come up with recommendations on how to trim more than \$15 million in expenditures over the next five years.

"If we do nothing ... next year we start deficit spending and it goes downhill very rapidly," said Merilee McCracken, interim assistant superintendent for business and auxiliary services.

She recommended the bond sale, citing the need to raise cash balances in light of reduced state funding and late property tax distributions from Cook County. She also discussed the opportunity to lock in low borrowing costs and a favorable construction bidding climate.

The interest rate on the bonds would average about 4.3 percent, a figure that would be higher if not for the Build America Bonds initiative, in which the federal government finances 35 percent of the interest cost on bonds used for capital improvements.

The decision to issue bonds was unpopular with about a dozen residents, including municipal bond investment banker and District 15 parent Eric Anderson. He estimated the district would pay nearly \$21 million in interest over the 20-year life of the bonds and called the move a backdoor referendum.

Palatine resident Jane Van Wolvelear was also critical, largely blaming the financial crisis on the board for approving teachers and bus drivers union contracts she said the district can't support.

"Most often when a school district or municipality issues bonds it is to finance a new building or permanently improve the structures that they have," she said. "It is not to pay day-to-day operating expenses."

School board members Sue Quinn, Tim Millar and Mark Bloom voted for an alternative that would restrict the bond sale proceeds to funding capital projects, but the motion failed.

A public hearing will take place at the April 14 board meeting. If the bond sale is completed in May, the district would start to see the money in June.